

Message Text

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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 4028

C O N F I D E N T I A L SANTIAGO 1605

EXDIS

E. O. 11652: GDS

TAGS: CI, EFIN, BDIS

SUBJECT: COPPER COMPENSATION

REF: SANTIAGO 1260

1. SUMMARY: AT LUNCH TODAY PRESIDENT OF THE COUNCIL FOR THE DEFENSE OF THE STATE TESTA ELABORATED ON HIS IDEAS FOR A POSSIBLE SOLUTION OF OUR DIFFERENCES. HE APPARENTLY HAD DONE HIS HOMEWORK ON THE CHILEAN POSITION VIS- VIS THE 1914 TREATY SINCE OUR LAST MEETING - AS THIS BECAME THE CENTERPIECE OF HIS ARGUMENT. END SUMMARY.

2. MUCH LIKE LETELIER AND OTHERS, TESTA INDICATED THAT RECOURSE TO THE 1914 TREATY WOULD ENABLE PRESIDENT ALLENDE TO SAVE FACE AND CREATE A SITUATION WHICH WOULD PERMIT A SUBSTANTIVE SOLUTION OF OUR DIFFERENCES OVER COPPER. WHEN I RAISED ARTICLE 4 OF THE TREATY (WHICH SAYS THAT A QUESTION EFFECTING SOVEREIGNTY, HONOR, VITAL INTERESTS OR CONSTITUTIONAL DISPOSITIONS WILL NOT BE SUBMITTED TO ARBITRATION) TESTA REPLIED THAT HE DID NOT THINK THE DISPUTE WOULD HAVE TO GO TO THAT POINT. WHAT HE HAD IN MIND, HE SAID, WAS THAT THE INVESTIGATION AND REPORT OF THE COMMISSION WOULD BE SUFFICIENT TO ENABLE THE TWO SIDES TO WORK OUT A SOLUTION WITHOUT IT GETTING TO THE POINT OF ARBITRATION. HE SPECULATED ON THE POSSIBILITY OF A BRIEF, " SIMPLE" CONSTITUTIONAL BILL, WHICH WOULD INSERT INTO THE COPPER AMENDMENT A PHRASE INDICATING THAT ITS DISPOSITIONS WOULD TAKE INTO ACCOUNT CHILE' S TREATY AND OTHER INTERNATIONAL OBLIGATIONS. HIS THOUGHT, AS I UNDERSTOOD IT, WAS THAT THE
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COMMISSION REPORT OR SOME OTHER INTERNATIONAL FINDING FAVORABLE TO THE UNITED STATES COULD THEN BE HONORED. HE REMINDED ME THAT SUCH A FINDING MIGHT NOT NECESSARILY FAVOR US.

3. TESTA WENT ON TO A BRIEF DESCRIPTION OF CHILE'S CURRENT ECONOMIC PLIGHT, AND THE NEED FOR SOME SORT OF HELP FROM THE U. S. HE ASKED ME IF THE U. S. GOVERNMENT WOULD BE PREPARED TO BE HELPFUL IF WE RECEIVED ACCOMMODATION ON THE COPPER QUESTION. IN ANSWER I CONFINED MYSELF TO TWO OBSERVATIONS: FIRST, I SAID I DID NOT YET SEE THE PROSPECT OF A SUBSTANTIVE CHANGE IN THE CHILEAN POSITION THAT WOULD JUSTIFY SUCH A DISCUSSION. SECOND, I TOLD TESTA (AS I HAVE OTHER CHILEAN REPRESENTATIVES) THAT THE CHILEANS SEEM TO BE SAYING TO US THAT THEY WANT IMMEDIATE, CONCRETE, SPECIFIC ACTIONS ON OUR SIDE WHILE THEY THEMSELVES HOLD OUT UNCERTAIN FUTURE POSSIBILITIES, A KIND OF " MIRAGE."

4. WE THEN TALKED A BIT MORE ABOUT THE " REAL PROSPECTS" OPENED UP BY THE 1914 TREATY. DRAWING ON PRESS STORIES I EXPRESSED CONCERN THAT THE CHILEANS MIGHT BE THINKING OF USING THE 1914 TREATY AS A FORUM TO AIR A VARIETY OF PROBLEMS, SUCH AS THE GONZALEZ AMENDMENT , ARTICLE 19 OF THE OAS CHARTER, U. S. POLICY IN THE IFI'S, DEVELOPMENT POLICY, ETC. TESTA READILY AGREED (PERHAPS BECAUSE HE HAD NOT BEEN BRIEFED) THAT THE INTRODUCTION OF SUCH QUESTIONS WOULD COMPLICATE ANY PROPOSAL TO USE THE 1914 TREATY AS AN AVENUE TOWARD PROGRESS. I WENT ON TO SAY THAT STATEMENTS BY CHILEAN NEGOTIATORS AND GOVERNMENTAL REPRESENTATIVES INDICATING THAT CHILE DID NOT ENVISAGE THE 1914 TREATY AS OPENING THE DOOR TO ANY POSSIBLE COMPENSATION TENDED TO COMPLICATE THINGS FURTHER. IN THIS CONNECTION I REFERRED TO PRESIDENT ALLENDE'S MENTION OF COPPER IN HIS APRIL 10 ADDRESS (PARA. 5 OF SANTIAGO 1569), AND NOTED THAT WE TOOK HIS PUBLIC PRONOUNCEMENTS MOST SERIOUSLY. TESTA SMILED AND SAID: " THE PRESIDENT HAD TO SAY THAT."

5. TESTA INDICATED HE WOULD LIKE TO CONVERSE AGAIN, AND I SAID I WOULD BE HAPPY TO, IF HE WOULD LIKE.

6 COMMENT: I CONTINUE TO HAVE THE FEELING THAT MUCH OF THE INSPIRATION FOR TESTA'S EFFORTS ORIGINATED IN TESTA HIMSELF. NEVERTHELESS, HE IS A CLOSE FRIEND OF PRESIDENT
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ALLENDE, AND I AM CONFIDENT HE TALKS TO THE PRESIDENT.

WHAT TESTA WOULD OBVIOUSLY LIKE WOULD BE TO DRAW ME OUT
ON POSSIBILITIES OF " HELP," OR THE CARROT WE MIGHT BE
PREPARED TO OFFER IN EXCHANGE FOR SOMETHING ON COPPER. LIKE
QUITE A FEW OF HIS COMPATRIOTS, IT IS OBVIOUS THAT HE THINKS
BIG.
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